

CHAPTER 2

Establishing a Business

Determination of Business Structure

Your attorney or certified public accountant may best determine the most beneficial structure for your particular business. Outlined below are some of the most common forms of business structures.

- A **Sole Proprietorship** is a business owned by one person and is the simplest form of business structure. The owner is personally responsible for all debts, and profits are taxed as personal income.
- A **General Partnership** is a business owned by two or more persons. The owners are personally responsible for all debts of the business.
- A **Limited Partnership** is a business owned by two or more persons, with at least one general partner responsible for the operation and liability of the business. Limited partners are not active managers and are not liable for debts of the business.
- A **Limited Liability Partnership (LLP)** is a business owned by two or more persons and is a relatively new business structure in Arizona. Professional advice concerning this type of business should be obtained from an Arizona attorney.
- A **Limited Liability Company (LLC)** provides owners with the protection of a corporation and the single taxation benefits of a partnership.
- A **Foreign Corporation** is a business organized under the laws of another state or country and must be registered to conduct business in Arizona.
- A **C Corporation** is the most complex form of business structure. It is formed by law as a separate entity, distinct from the owners of the business, and has its own rights and responsibilities.
- An **S Corporation** is not subject to federal corporate income tax. The owners of the business include their shares of the company's profits and losses as part of their personal income.

Registration of Business

The type of business structure you choose will determine where and how you must register your company. The four places to register your business, depending on how your company is organized, are as follows:

Sole Proprietorship, Limited Liability Company, Limited Partnership or Limited Liability Partnership structures

Secretary of State Trademark or Trade Name Office

14 N. 18th Ave.

Phoenix, AZ 85007

Web site: www.sosaz.com

Phone: (602) 542-6187, (800) 458-5842

Fax: (602) 542-7386

E-mail: trades@mail.sosaz.com

This office will issue a certificate of business or trade name for a small fee. On this Web site a business name search can be performed to determine if a desired name is already registered.

General Partnership structures

Maricopa County Recorder's Office

111 S. 3rd Ave.

Phoenix, AZ 85003

Web site: www.recorder.maricopa.gov

Phone: (602) 506-3535

TDD: (602) 506-2348

E-mail: webmaster@risc.maricopa.gov

East Valley Office

222 E. Javelina

Mesa, AZ 85210

This office records fictitious names, primarily for "Doing Business As" (DBA) titles. This requires filling out a simple form that can be obtained from a stationery or legal forms store. However, recording the form does not protect the business name under the copyright law. An attorney can advise you regarding business name and trademark protection.

*C Corporation, S Corporation, Foreign Corporation***Arizona Corporation Commission**

1300 W. Washington St.

Phone: (602) 542-3135

Phoenix, AZ 85007

(800) 345-5819

Web site: www.ccsd.cc.state.az.us

Fax: (602) 542-4990

Contact this office if your company is a C Corporation,
S Corporation, Foreign Corporation or Limited Liability Company.

*Patents and Trademarks***U.S. Patent and Trademark Office**

Washington, D.C. 20231

Phone: (703) 308-4357

Web site: www.uspto.gov

(800) 786-9199

Fax: (703) 305-7785

This office can provide general and specific information on patents
and trademarks. Call to request the free booklet, *Basic Facts About
Trademark*, and an application.



